

WSDOT / Consultant Co-location

Things to Think About and/or Guide your Decision Making

Following is a list of items that should be discussed and/or decided upon when co-locating WSDOT and a consultant firm. The list was developed by a joint WSDOT/ACEC committee, and reviewed by several co-located WSDOT offices. It is intended to be used by WSDOT and consultant firms anticipating a co-location of any sort, and all items may or may not be applicable to all types of co-location. The document is not a “must do” or a “how to”. Rather, it is a list of things to consider. It is highly recommended that those anticipating a co-location set up a session with another office that is already co-located, for the purpose of hearing “lessons learned”. (Contact HQ Consultant Services Program (360-705-7104) in WSDOT’s Consultant Services Office to find out who has recently co-located.) This document should provide a useful guide for that discussion.

While the primary benefits of co-location are to establish a closer working relationship, and to share expertise, WSDOT and consultant staff should be aware that there is a necessary dividing line. That is, there can be monetary consequences if the IRS determines that consultants are treated too much like employees. Also, in at least one case, the courts determined that independent consultants working long-term, on location, were actually more like employees of the organization, and were entitled to all benefits of that organization (*Vizcaino vs. Microsoft Corp.* 1999). However, there are many factors that play into determining whether a person is consultant or employee. The IRS uses the 20-Factor Test reprinted below. Meeting one or even a few of these factors does not mean that the line is crossed, however, the more that are met, the higher the risk.

When working on issues involved with co-location it might be beneficial to discuss this issue with your HR staff. One of the factors on the IRS test is “tools” - meaning tools and equipment (see <http://www.irs.gov/publications/p15a/ar02.html#d0e617> for more information.) This is only one factor in the grand scheme of things, but can be an obvious example. The typical contractor would provide their own equipment for the job. In a co-location situation there will probably be shared copiers and fax machines, but what about personal computers, blackberries, etc? In some of the conversations it sounds like the contractors provide us with equipment as well, which helps show we aren't treating them specifically like an employee.

A big factor to consider is the dynamics of the consultant office, are we moving in with them into an existing office, will they be housed in a WSDOT office, or will a new location be established for this project? If a new location is established, will WSDOT acquire the space or will the consultant? If the consultant acquires the space, will the consultant be performing non project related work in this office? Answering the above questions will help determine if WSDOT should provide office equipment, supplies, etc. and how reimbursement should be handled for project related expenses.

1. Space Planning, Furniture, Computers

- How to plan for and use space effectively?
- Who gets to make space decisions? For example, who sits in an office? Who sits by the window?
- Who is responsible for negotiating with the owners of the space? What sort of flexibility is there? (Often either WSDOT, or the consulting firm, has an advantage in this area.)

- Who gets to display company logos at the entrance?
- How will the phones be answered?
- What is the timeline that is under consideration for space planning?
- Where will the office files be stored? Who has access to them? Who gets to decide?
- Are there project files? WSDOT files? Consultant files?
- Document control is important to discuss before hand.
- Can consultants buy furniture (for example) faster? Who can supply a space with a better rate?
- Do printers, computers, copiers work, for all parties?
- How are they laid out?
- What networks are in place? Can they talk to each other?
- Need to determine what software if needed, by whom, and discuss how this will be purchased.
- Who manages the system networks on a daily basis?
- The State process to obtain a lease is cumbersome, to say the least. Allow adequate time.
- IT needs to coordinate and review for possible conflicts and agency standards/practices of all related computer and network needs with both the consultant and WSDOT management before a contract is signed.
- The regional overall total number of IT support personnel needs to be reviewed before, during and after project initiation for funding additional support based on a standard (such as a ratio of total number of computers to support staff.) This needs to be funded at the start of the project. Creep in total number of unfunded computers and network devices without compensation is impacting overall support.
- There must be an agreed to mechanism for adjusting agency and consultant IT roles and responsibilities over time that ensures flexibility and encourages new technologies and cost effective opportunities.
- Have a detailed plan (as much as possible) of computer related products needed to ensure proper configuration and timely delivery.
- Order in advance computer related equipment if the project anticipates additional growth and recourses. This would allow for quicker responses to additional GECs.
- Have a road map of all the computer software needed and who is paying for what and how it is supported. What are WSDOT's responsibilities and the consultant's?
- Working on a consultant network has caused significant issues in some cases. Evaluate pros and cons of using either the WSDOT network or the consultant network.
- WSDOT has a much higher standard around computer usage (ethics) than most companies require. It's important to emphasize our policies to anyone who may appear as a WSDOT employee on the network. We cannot provide ethics training, but a list of do's and don'ts are OK.
- Get Region and HQ IT involved up-front and early.
- Make sure there are laptops (and/or Blackberries) available for managers that work away from the office frequently.
- Provide cell phones to appropriate staff.
- Copiers should be centralized. Printers should be dispersed among the teams. Make sure to have sufficient color copy / plot capability.
- Provide teams with printing rules (i.e. State Printing Office, approved vendors.)

- Be clear about how printing for deliverables is or is not included in consultant agreements.
- Work out details of supplying and ordering supplies for consultant staff and WSDOT staff.

Suggestions:

- *Locate similar tasks together.*
- *Involve consultants and WSDOT staff in space planning.*
- *Look to the future for potential needs to grow / expand. Plan accordingly.*
- *Keep teams together as much as possible. Avoid locations on different floors or in different buildings.*
- *Make sure managers sit with their teams as much as possible.*
- *Be aware of jobs that require much coordination and discussion, and try to locate these staff where they will not disrupt others that need to have quiet and concentration.*
- *Make sure there are sufficient conference rooms.*
- *Provide sufficient layout space.*
- *Pay the money to get a space planner to help.*
- *Provide sufficient file storage space and supply storage.*
- *There a lot of laws and state policies at play when we talk about purchasing. These continue to change and interpretation of these can be tricky.*
- *There are strict rules on furniture purchases. Be cautious and talk to an expert.*
- *Keep an inventory/log of the WSDOT-owned items. Have these items clearly labeled.*
- *Understand impacts of space to the GEC agreement.*

2. Overhead rate

- Is it reduced because / if WSDOT supplies space, computers, etc.?
- Who does it apply to?
- Does the old consultant overhead diminish?

Suggestions:

- *Contact HQ Consultant Services Office early in the process. You will need their assistance to determine the appropriate overhead rate and reimbursable methodology for project related costs.*

3. Consultant or WSDOT Employee?

- Expectations.
- Schedules.
- Who's in charge of establishing a schedule?

Suggestions:

- *Agree on team hours; core working hours.*
- *WSDOT should not dictate consultant working hours (concerns over consultant/employee status). Team leaders should decide on schedules and expectations.*

4. Logistics / Policies / Administration

- Facilities
- Vehicles
- Lunches
- Breaks
- Dress code
- Behavior
- Who signs timesheets (i.e., if WSDOT employee reports daily to a consultant, etc.)

Suggestions

- *Consultants are not allowed to drive any state vehicle for any reason.*
- *Check with HQ Consultant Services.*
- *Lunches, breaks, dress code, and behavior should be clearly understood.*
- *Consultants may supervise the work of a WSDOT employee, but may not be responsible for performance evaluations, discipline, etc. Check with HQ HR for details.*

5. Training & Compliance with Agency Standards

- What's required / needed, and who pays.
- Ethics.
- Safety.

Suggestions

- *HQ Consultant Services has guidelines for training. Make sure to understand when WSDOT will or will not pay for training class(es) and/or labor time for training.*
- *HQ Consultant Services will provide direction on ethical issues related to co-location.*

6. Equity

- Discuss how to talk about the disparity in consultant and state force wages.

Suggestions

- *Understand how consultant work is priced.*
- *Be sure to compare fully loaded FTE costs with consultant pay and benefits.*

7. Scope Creep

- With co-location - easier to share ideas and thus a greater danger (actual or perceived) to lean towards creating whole new deliverables

Suggestions

- *What is important is that ALL employees have an understanding of the scope of the 'project' and the deliverables that we ALL are working on.*
- *Staying within the scope/budget/schedule is possible when the outcome is well defined, understood and MONITORED.*

8. Working on other work

- Consultants who have other work – how/where is that other work accomplished?

Suggestions

- *Lay out expectations up front.*
- *Review this type of activity with State laws concerning using State IT equipment.*
- *If not allowed other computer technologies need to be investigated to meet this need. WSDOT may need to review and adjust agency standards to meet consultant needs.*

9. Project logo, branding issues

- Do you get a business card for the project, or keep company/agency business cards?

Suggestions

- *Many like the project related business cards. We need to explore some of the legal ramifications that might result from having a consultant present like a WSDOT employee. They appear to be a nice team building/branding item.*
- *Project logos could be helpful*

10. Team-building and Partnering

- Go into the co-location with a plan for quickly building a team. Do not wait for team building to happen on its own.

Suggestions

- *Talk to others who have done this. Find out what works, and what does not.*